

REMARKS

Claims 75–85, 92–101, 114–119, 122–133, 139 and 151–230 remain in connection with the present application. Claims 75, 77, 92, 161, 180 and 194 are independent.

Acknowledgement

Applicants acknowledge the Examiner's indication that the rejection of 35 U.S.C. §112, 2nd paragraph has been overcome. Further, Applicants acknowledge the Examiner's indication of each of the aforementioned claims remain pending in connection with the present application, have not withdrawn from consideration in connection with the present application, and have examined on the merits.

Information Disclosure Statement

The Examiner has alleged that the Information Disclosure Statement filed January 11, 2002 failed to comply with rules and thus was not considered, because copies were allegedly not filed. However, as copies of the references were filed, Applicants respectfully request consideration of the documents filed with the aforementioned Information Disclosure Statement. Applicants include another copy of the Information Disclosure Statement as well as another copy of each of the documents submitted therewith. Accordingly, consideration is respectfully requested. The Examiner is respectfully requested to initial and return an initialed copy of the PTO-1449 form indicating consideration of each of the various documents.

Additional Information Disclosure Statement

In addition, Applicants filed an Information Disclosure Statement on August 13, 2004. This Information Disclosure Statement, and the documents cited therein, has not yet been acknowledged by the Examiner. Applicants resubmit a copy of the PTO-1449 form filed with that Information Disclosure Statement, and respectfully request the Examiner to initial and return an initialed copy of the PTO-1449 form acknowledging its consideration of various documents cited therein.

Rejections Under 35 U.S.C. §101

The Examiner has rejected claims 75–81, 83–85, 114–119, 122–125, 130–133, 151–160, 161–170, 172–177, 180–189, 191–193, 204–208, 217–218, 221–224 and 227–228 under 35 U.S.C. §101, alleging that the claimed invention is directed to non-statutory subject matter. This rejected is respectfully traversed.

The Examiner alleges that the method claims which have been rejected do not claim a technological basis in the body of the claim. The Examiner alleges that without such a technological basis, the claim may be interpreted in an alternative involving no more than a manipulation of an abstract idea and therefore is allegedly non-statutory under 35 U.S.C. §101. The Examiner alleges, for example with regard to claim 75, that although the claim indicates a notification of the business transaction received via network connection, the method of determining a business transaction and the “allocating” are not in the technological arts and thus

the claim is allegedly nothing more than an abstract idea which is not tied to any technological art and is not a useful art. For support, the Examiner cites *Ex Parte Bowman* 61 USPQ2d 1669, 1671 (Board of Patent Appeal and Interferences 2001). Applicants respectfully disagree.

Applicants have reviewed *Ex Parte Bowman* and believe that **Bowman is clearly distinguished from the present application claims, including claim 75 for example. In Bowman,** the Board apparently examined both the Specification and claims and agreed with the Examiner that **neither the Specification nor the claims discussed the use of any technology with respect to the claimed invention.** Specifically, they stated “the Appellant has carefully avoided tying the disclosed in claimed invention to any technological art or environment. As noted by the Examiner, the **disclosed and claimed invention** is directed to nothing more than a human making mental computations and manually applying the results on the paper chart [Answer, page 5]. The examination guidelines for computer related inventions are not dispositive of this case because there is absolutely no indication on this record that the invention is connected to a computer in any manner.”(emphasis added)¹

In *Bowman*, the court held that the **disclosed and claimed invention** was directed to nothing more than an abstract idea because it was not tied to any technological art or environment. It was merely directed to creating a chart and applying a point on the chart. The court held that “the abstract idea which forms the heart of the invention before us does not

¹ *Ex Parte Bowman* 61 USPQ2d at 1671.

become a technological art merely by the recitation in the claim of transforming physical media into the chart and physically plotting the point on the chart.”²

Unlike *Bowman*, the **disclosed and claimed invention is not directed to some abstract idea** which is not tied to any technological art, environment, or machine, and which is not a useful art as contemplated by the Constitution in the United States. In *Bowman*, both the disclosure and claim were directed to an abstract idea not tied to any technological art or environment. To the contrary, in the invention claimed in claim 75, for example, **the method clearly performs a useful step of allocating, upon receiving notification of a business transaction via network connection, a determined portion of the business proceeds** to a first of the plurality of entities and allocating a determined portion to at least one additional entity. This allocation, for example, occurs after notification of a business transaction received via network connection; and also permits portions of business transaction proceeds of a transaction, such as a credit card transaction for example, to be allocated among plural entities.

The invention is both technical, with an aspect occurring via a network connection, for example, and useful. **It is not an “abstract idea” like *Bowman***, but instead has great practicality. For example, unlike the prior art reference to Masi et al. applied during the previous Office Action, allocation of portions of business transaction proceed can occur to multiple entities, instead of the proceeds being paid to a single entity and then a rebate subsequently being provided to one entity (a wasted step). This splitting or allocating of the business transaction proceeds is both novel and useful and therefore should be deemed as a statutory process.

² *Ex Parte Bowman* 61 USPQ2d at 1671.

Applicants' position is further bolstered by the recent case from the U.S. Court of Appeals of the Federal Circuit, *AT&T Corp. v. Exel Communications, Inc.*, 50 USPQ2d 1447 Fed. Cir. 1999). In this case, it was made clear that the test for statutory subject matter involves an algorithm containing invention, which, as a whole, produces a tangible and useful result.³ In claim 75 of the present application for example, the "allocating of portions of business transaction proceeds to a first of a plurality of entities and to at least one additional entity" **is a useful process and does define a specific use** in that portions of the proceeds can be quickly allocated between, for example, a provider and a third party beneficiary group; a provider and a user; a provider and some other entity, etc. The useful result is better than the rebate system employed by Masi et al., and thus clearly has a tangible use in the business community.

Further, the **ultimate test** of whether or not something is statutory **is whether or not the alleged algorithm essentially preempts all uses of the algorithm (and does not apply the algorithm in some way)**. In the present situation, the algorithm generally may include determining a business transaction, and an allocating proceeds. However, **all uses of this algorithm are not preempted by claim 75**. For example, a rebate situation such as that as Masi et al. may also involve the same general algorithm of determining business transaction proceeds and then allocating the proceeds, wherein the allocation is done in a rebate type format after a provider has already been paid all of the business transaction proceeds for a particular business transaction. Thus, the method of Masi et al. was statutory. Another use of such a general algorithm can involve that shown in United States patent No. 6,112,191 to Burke (applied in the

³ *AT&T Corp. v. Exel Communications, Inc.*, 50 USPQ2d at 1454.

present office action), wherein a portion of an excess payment, in excess of the business transaction proceeds, is automatically allocated to a third party. **Thus, neither Burke, nor Masi, nor claim 75 of the present application preempts all uses of the algorithm, in that each permits certain different uses of the algorithm.** As such, all are statutory methods.

This was essentially an issue in *Ex Parte Bowman*, wherein the algorithm was broad and **was never really applied to any particular environment.** Thus, as the algorithm was not limited to any environment or any particular use, **all uses of the algorithm were preempted.** Contrary to *Bowman*, when viewing Burke and Masi et al., **it is clear that claim 75 does not preempt all uses of the general algorithm,** but instead refines the algorithm so that it is used in a useful way to produce an important result.

Somewhat similar arguments apply to each of the independent claims in connection with the present application (although each of the claims are limited only to the limitations present therein). Accordingly, withdrawal of all outstanding rejections under 35 U.S.C. §101 is respectfully requested.

Prior Art Rejection

The Examiner has rejected claims 75–85, 92–101, 114–119, 122–125, 129–133, 139, 151–177, 180–206, 209–210, 213–214, 217–218, 221–224 and 227–228 under 35 U.S.C. §102(e) as being anticipated by Burke. This rejection is respectfully traversed.

As stated above, Burke is directed to a method and system to create and distribute **excess funds** from consumer spending transactions (See the title of Burke for example). In viewing the

summary of the invention, for example, it is clear that the demanded amount due to the payee (the proceeds of the business transaction), **and an additional amount** offered by the payer are entered, and this **additional amount** is deposited into a surplus account. Thus, when the payer pays funds **in excess of the purchase price**, then this **excess amount** can be put aside in a special account for future spending.

Accordingly, the system in Burke acts in a manner similar to that of having a Red Cross donation can being present at the cashier of a supermarket. When the consumer pays money in excess of the purchase price or in excess of the amount necessary to complete the business transaction (in excess of the business transaction proceeds), then the excess money or change may be deposited into a separate account (similar to placing change from a business transaction into a can to benefit the Red Cross for example). Everything throughout the Burke patent, including columns 5 and 6 relied upon by the Examiner, refers to **allocating the change or excess amount** of the transaction. Specifically, in **column 5, lines 63–67, it states that if the consumer gives the clerk the exact price nothing more need happen.** However, if the money offered the clerk exceeds the price, the consumer may, if he or she wishes, choose to receive the change or to donate or deposit all or a portion of the change.

Contrary to that of Burke which deals with distributing excess funds from a transaction, claim 75 of the present application, for example, deals with allocating determined portions of the **actual proceeds of a business transaction (not the excess)** to a first of a plurality of entities and to at least one additional entity. Accordingly, Burke fails to teach or suggest at least allocating ...“a determined portion of the business transaction proceeds to a first of the plurality

of entities and allocating a determined portion to at least one additional entity” as set forth in claim 75.

In order to emphasize the distinction between claim 75 and Burke, Applicants submit here with the plurality of definitions of the term “proceeds”. As stated at dictionary.com, “proceeds” corresponds to the amount of money derived from a commercial or fundraising venture; **the yield**. It also stands for the **amount received from the sale of an asset**; or money or other property received as the result of a sale or other transaction. Thus, the proceeds are an amount equal to the price paid, **not an amount in excess thereof** as set forth in Burke.

Other definitions similarly support such a proposition including but not limited to money glossary.com, which defines “proceeds” as money or property which is received upon the sale, exchange, collection or other disposition of collateral; and the Cambridge dictionary which defines “proceeds” as the **amount of money received** from a particular event or activity or **when something is sold**. Such an allocation of portions of business transaction proceeds is clearly different from the rebate system of Masi et al., wherein all of the business transaction proceeds are first paid to the provider and then are later distributed as a rebate to a purchaser; as well as the system of Burke wherein the provider also receives the entire purchase price and thus all of the business transaction proceeds, and is **only able to distribute something in excess of the business transaction proceeds** for deposit in another account. Accordingly, for at least such reasons, Applicants respectfully submit that claim 75 is allowable over Burke et al.

For at least somewhat similar reasons, Applicants respectfully submit that each of independent claims 77, 92, 161, 180 and 194 are also allowable over Burke, although each claim

should be interpreted solely based upon the limitations present therein and should not be limited, in any way, by limitations of claim 75 which are not present therein. For example, in claim 77, Burke fails to teach or suggest at least allocating....“a determined portion of the business transaction proceeds to a first of the plurality of entities and allocating a determined portion to at least one additional entity...”. With regard to claim 92, Burke at al. fails to teach or suggest at least “a controller, adapted to”....“allocate a portion of the business transaction proceeds to a first of the plurality of entities and allocate a determined portion to at least one additional entity”. With regard to claim 161, Burke fails to teach or suggest at least “allocating a predetermined portion of proceeds of the business transaction to a first of the plurality of entities and allocating a determined portion to at least one additional entity”. Further, with regard to claim 180, Burke fails to teach or suggest at least “allocating...a portion of proceeds of the business transaction to a first of the plurality of entities...and allocating a portion of proceeds of the business transaction to at least one additional entity...”. Finally, with regard to claim 194, Burke fails to teach or suggest at least a controller adapted to “...allocate a portion of proceeds of the business transaction to a first of the plurality of entities...and allocate a portion of proceeds of business transaction to at least one additional entity...”. Accordingly, for at least such reasons, Applicants respectfully submit that each of the independent claims, and each of the pending claims, is allowable over Burke.

Further Rejections

The Examiners has further rejected claims 126–128, 178–179, 207–208, 211–212, 215–216, 219–220, 225–226 and 229–230 under 35 U.S.C. §103 as being unpatentable over Burke in view of Ferguson et al. This rejection is respectfully traversed.

Applicants respectfully submit that even assuming *arguendo* that the Ferguson et al. could be combined with Burke, which Applicants do not admit, Ferguson et al. would still fail to make up for at least the previously mentioned deficiencies regarding each of the various corresponding independent claims. Accordingly, for at least the reasons previously set forth with regard to each of the aforementioned independent claims, Applicants respectfully submit that each of the rejected dependent claims is allowable over the alleged combination of Burke and Ferguson et al., even assuming *arguendo* that they could be combined.

In addition, Applicants respectfully submit that the Examiner has not set forth the *prima facie* case of obviousness. Applicants respectfully submit that the Examiner has not supplied **evidence** of the necessary motivation needed to lead one of ordinary skill in the art to combine the teachings of Burke and Ferguson et al. Accordingly, absent such motivation, a *prima facie* case of obviousness under 35 U.S.C. §103(a) has not been established and the rejection must be withdrawn.

Applicants direct the Examiner's attention to two recent cases decided by the Court of Appeals for the Federal Circuit (CAFC), In re Dembiczak, 175 F.3d 994, 999, 50 USPQ2d 1614, 1617 (Fed.Cir. 1999) and In re Kotzab, 217 F.3d 1365, 1371, 55 USPQ2d 1313, 1317 (Fed.Cir. 2000). Both of these cases set forth very rigorous requirements for establishing a *prima facie* case of obviousness under 35 U.S.C. §103(a).

To establish obviousness based on a combination of elements disclosed in the prior art, there must be some motivation, suggestion, or teaching of the desirability of making the specific combination that was made by the Applicants. The motivation suggestion or teaching may come explicitly from one of the following:

- (a) the statements in the prior art (patents themselves)
- (b) the knowledge of one of ordinary skill art, or in some cases,
- (c) the nature of the problem to be solved.

See Dembiczak 50 USPQ at 1614 (Fed.Cir. 1999).

In order to establish a prima facie case of obviousness under 35 U.S.C. §103(a), the Examiner must provide particular findings as to why the two pieces of prior art are combinable.

See Dembiczak 50 USPQ2d at 1617. **Broad conclusory statements standing alone are not "evidence".**

The alleged motivation for combining Burke and Ferguson et al to reject the claims asserted by the Examiner, is: "to provide global communication anywhere in the world." Such alleged motivation *is not present in any of the references* and has merely been alleged by the Examiner.

Combining prior art references without evidence of such a suggestion, teaching, or motivation simply takes the inventor's disclosure as a blueprint for piecing together the prior art to defeat patentability--the essence of hindsight. Dembiczak, 50 USPQ2d at 1617. Accordingly, Applicants respectfully submit that the claims are allowable for at least this additional reason.

Furthermore, the Examiner has not provided the **requisite evidence** to support his allegation that there is motivation to combine Burke and Ferguson et al, so as to render obvious

that which Applicants have described. The Examiner has not provided any showing of a suggestion, teaching or motivation to combine the prior art references to reject the claims in the present application, which is an essential component of an obviousness holding. The Examiner must explain the *reasons why* one of ordinary skill in the art would have been motivated to select the references and to combine them to render the claimed invention obvious (In re Fritch, 972 F.2d 1260, 1265, 23 USPQ2d 1780, 1783 (Fed. Cir. 1992) the examiner can satisfy the burden of showing obviousness of the combination "only by showing *some objective teaching in the prior art or that knowledge generally available* to one of ordinary skill in the art would lead that individual to combine the relevant teachings of the references"). Thus, the Examiner has not adequately provided a proper combination of Burke and Ferguson et al to render the claims obvious.

Relying on common knowledge or common sense of a person of ordinary skill in the art without any specific hint or suggestion of this in a particular reference is not a proper standard for reaching the conclusion of obviousness. See *In re Sang Lee*, 61 USPQ 2d 1430 (Fed. Cir. 2002). Further, relying on obvious design choice as a reason for combining teachings of the various references is again not the proper standard for obviousness. ***If the Examiner is relying on personal knowledge to support a finding of what is known in the art, the Examiner must provide an Affidavit or Declaration*** setting forth specific factual statements and explanation to support the finding. See 37 CFR 1.104(d)(2) and MPEP 2144.03(c). Accordingly, Applicants respectfully challenge the Examiner's alleged motivation and respectfully require the Examiner

to withdraw the rejection or provide an Affidavit or Declaration as set forth above if the rejection is to be maintained.

Thus, withdrawal of the outstanding rejection is respectfully requested.

SUMMARY

In general, Applicants have explained how their invention distinguishes from references such as Masi et al. and Burke references applied during prosecution in connection with the present application and thus provides a different and important use for a general algorithm of distributing funds to multiple parties or entities. Applicants have illustrated how all uses of the general algorithm are not preempted by Applicants different inventions as set forth in the various independent claims, and how systems such as Masi et al. involving rebate, and Burke involving distribution of excess funds, provide different uses for such a general distribution algorithm. Applicants have further provided many prior art documents such as Hardesty et al. and Ogilvie, submitted in the Information Disclosure Statement of August 13, 2004, which deal with rebate systems to a consumer or third party, which also differ from the claims of the present application. None of the prior art references provided thus far, teach or suggest any type of business transaction proceeds allocation as is set forth in claim 75 of the present application for example.

CONCLUSION

Accordingly, in view of the above amendments and remarks, reconsideration of all outstanding objections and allowance of each of the pending claims in connection with the present application are earnestly solicited.

Pursuant to 37 C.F.R. §§ 1.17 and 1.136(a), Applicants hereby petition for a one (1) month extension of time for filing a reply to the outstanding Office Action and submit the required \$120 extension fee herewith.

Should there be any outstanding matters that need to be resolved in the present application, the Examiner is respectfully requested to contact Donald J. Daley at the telephone number of the undersigned below.

If necessary, the Commissioner is hereby authorized in this, concurrent, and future replies, to charge payment or credit any overpayment to Deposit Account No. 08-0750 for any additional fees required under 37 C.F.R. § 1.16 or under 37 C.F.R. § 1.17; particularly, extension of time fees.

Respectfully submitted,

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By: _____


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